LIBRARY

FILED
JUL 3 1961
JAMES R. BROWNING Clerk

IN THE

Supreme Court of the United States

OCTOBER TERM, 1961

NO. 199

JONES & LAUGHLIN STEEL CORPORATION,
Petitioner,

v.

THE J. R. CLARK COMPANY and JOHN R. CLARK,
Respondents.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT WITH APPENDIX

H. PARKER SHARP
G. R. HARRIS
3 Gateway Center
Pittsburgh 30, Pa.
Attorneys for Petitioner

June 27, 1961

SMITH BROS. CO. INC., LAW PRINTERS, 434-436 BLVD. OF ALLIES, PITTSBURGH 19, PA.

INDEX TO BRIEF

	PAGE
Opinions Below	1
Jurisdiction	1
Questions Presented	2
Constitutional Provisions Involved	2
Statute Involved	2
Statement of the Case	3
Drawings: (Olander Patents 2,663,101; 2,663,102)	4
Reasons Relied on for the Allowance of the Writ	7
1. The decision below is a denial of due process	7
2. The decision below extends the scope of res judicata so as to restrain lawful competition in the sale of unpatented articles.	10
3. The decision below authorizes multiple patenting of a single invention and consequently multiple infringement suits and successive recoveries of damages for the same infringing act	12
4. The decisional law of the Courts of Appeals on multiple patenting is not certain or consistent, and the decision below is in conflict with decisions of other Courts of Appeals, with the statute, and with decisions of this Court	14
Conclusion	15
Appendix	17

LIST OF AUTHORITIES

Acetol Products, Inc. v. Sam Tripi, et al., (DC Mo 1930) 7 USPQ 161	9
Byck, In re, (CCPA 1931) 48 F.2d 665	14
Carbice Corp. of America v. American Patents Development Corp., et al., (1931) 283 U.S. 27	11
Crown Co. v. Nye Tool Works, (1923) 261 U.S. 24	13

List of Authorities and Statutes Cited.

PAGE

Deister Concentrator Co. v. Deister Mach. Co., (CA 7 1920) 263 Fed. 706 14

Galpin v. Page, (1873) 85 U.S. 350 7

General Chemical Co. v. Standard Wholesale Phosphate & Acid Works, Inc., (CA 4 1939) 101 F.2d 178 7

The Great Atlantic and Pacific Tea Co. v. Supermarket Equipment Corp., (1950) 340 U.S. 147 .. 6

Leitch Manufacturing Co., Inc. v. The Barber Co., Inc., (1938) 302 U.S. 458 11

Mercoid Corp. v. Mid-Continent Investment Corp., (1944) 320 U.S. 661 12

Merriam, G. & C., Co. v. Saalfield, (CA 6, 1911) 190 Fed. 927 8

Miller v. Eagle Manufacturing Co., (1894) 151 U.S. 186 ..... 2, 12, 15

Morton Salt Co. v. G. S. Suppiger Co., (1942) 314 U.S. 488 11

Postal Telegraph Cable Co. v. City of Newport, (1918) 247 U.S. 464 9

Rubber Tire & Wheel Co. v. Goodyear Tire and Rubber Co., (1914) 232 U.S. 413 9

Siu, In re, (CCPA 1955) 222 F.2d 267 14

Smith v. Hall, (1937) 301 U.S. 216 8

Smith v. Snow, (1935) 294 U.S. 1 8

Underwood v. Gerber, (1893) 149 U.S. 224 ..... 14, 15

Wenborne-Karpen Dryer Co. v. Dort Motor Car Co., (CA 6 1926) 14 F.2d 378 7

Willcox and Gibbs Sewing Machine Co. v. Merrow, (CA 2 1898) 93 Fed. 206 14

STATUTES CITED

28 U.S.C. 1254 1

35 U.S.C. 101 ..... 2, 12, 15

35 U.S.C. 103 5

IN THE

Supreme Court of the United States

OCTOBER TERM, 1961

NO. . . . .

JONES & LAUGHLIN STEEL CORPORATION,
Petitioner,

v.

THE J. R. CLARK COMPANY and JOHN R. CLARK,
Respondents.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

To the Honorable the Chief Justice of the United States and the Associate Justices of the Supreme Court of of the United States:

Petitioner, Jones & Laughlin Steel Corporation, defendant-appellant below, prays that a writ of certiorari issue to the United States Court of Appeals for the Seventh Circuit to review the judgment of that Court herein.

OPINIONS BELOW

The opinion of the Court of Appeals is printed at 288 F. (2d) 279

The opinion of the District Court is reported at 186 F. Supp. 22.

JURISDICTION

The judgment of the Court of Appeals was entered April 3, 1961. This Court has jurisdiction by virtue of the provisions of 28 U.S.C. 1254 (1).

QUESTIONS PRESENTED

1. Is a judgment of patent validity and infringement against manufacturer A binding upon manufacturer B (B being unrelated to A and not having controlled, aided, or participated in any way in the litigation involving A) simply because B purchased from A during the pendency of the litigation and with the knowledge that it was pending (i) some of the infringing devices, (ii) unpatented tools, equipment and drawings useful in the manufacture of the device and (iii) unpatented raw materials for their manufacture?

2. Can the rule of *Miller v. Eagle Manufacturing Co.*, (1894) 151 U.S. 186, that "no patent can issue for an invention actually covered by a former patent, especially to the same patentee, although the terms of the claims may differ" be avoided by taking out the second patent on the same day as the first?

CONSTITUTIONAL PROVISIONS INVOLVED

Amendment V

No person shall * * * be deprived of life, liberty, or property, without due process of law; ***

STATUTE INVOLVED

Title 35 U.S.C. 101. Inventions Patentable

Whoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title. July 19, 1952, c 950 § 1, 66 Stat 797.

STATEMENT OF THE CASE

1.

The issue here is the asserted infringement of respondents' patent for an ironing table, No. 2,663,102. The purported novelty is a leg structure which provides knee-room beneath the ironing board so that the operator may sit down to iron. The same patentee was also issued another patent, No. 2,663,101, for an ironing table substantially identical with that of his 2,663,102 patent. The table of the 101 patent has U-bends in both legs whereas the table of the 102 patent has a U-bend in one leg only, as may be seen from the inserted Figure 1 of each patent.

2.

Respondents, The J. R. Clark Company and John R. Clark, brought an action in the United States District Court for the Eastern District of Wisconsin against Geuder, Paeschke & Frey Co. ("G. P. & F.") charging that defendant with infringement of claim 1 of Olander Patent 2,663,102* by reason of its manufacture and sale of certain ironing tables identified as Model C-690. The District Court adjudged the patent valid and infringed in an opinion reported at 159 F. Supp. 948. That judgment was affirmed by the Court of Appeals for the Seventh Circuit at 259 F.2d 737 and this Court denied certiorari at 359 U.S. 914.

---

*Petitioner has filed copies of the appendices filed by all parties below as part of the transcript herein; Rule 21 (3). The Olander Patent 2,663,102 appears at page 65 of the separate Appendix to Appellant's Brief (Yellow cover) and Olander Patent 2,663,101 appears at page 53. References hereinafter to that Appendix will be "(A ....)".

After the action in the District Court had been tried, but before judgment had been rendered, G. P. & F. sold to the petitioner, Jones & Laughlin Steel Corporation, the assets of G. P. & F.'s Consumer Products Division which manufactured and sold galvanized ware, dairy ware and ironing tables. Those assets included, generally, machinery, tools, raw materials, unassembled parts, and stocks of finished articles. The assets relating to the manufacture of ironing tables included a stock of 172 Model C-690 ironing tables as well as a stock of other models of ironing tables; a supply of raw materials for making Model C-690 ironing tables and ironing tables of other, non-infringing, design, drawings of the Model C-690 ironing tables and of ironing tables of other, non-infringing, design and tools and special equipment generally adapted to the manufacture of parts for several or all of the various models of ironing tables, whether infringing or non-infringing, then made by G. P. & F.

The infringing ironing boards were only 172 in number and money-wise were only a trivial part of the whole transaction between G. P. & F. and petitioner (A-11).

On or about June 1, 1958, petitioner sold to Arvin Industries, Inc. the assets relating to the manufacture of ironing tables which it had purchased from G. P. & F., together with petitioner's then inventory of finished ironing tables.

3.

In the course of the negotiations leading up to the sale of assets petitioner was informed by G. P. & F. of the pendency of the action brought against it by respondents. This knowledge was imparted to petitioner several months after the case had been tried. Petitioner

Dec. 22, 1953 K. B. OLANDER 2,663,101

IRONING TABLE

Filed June 4, 1952 3 Sheets-Sheet 1

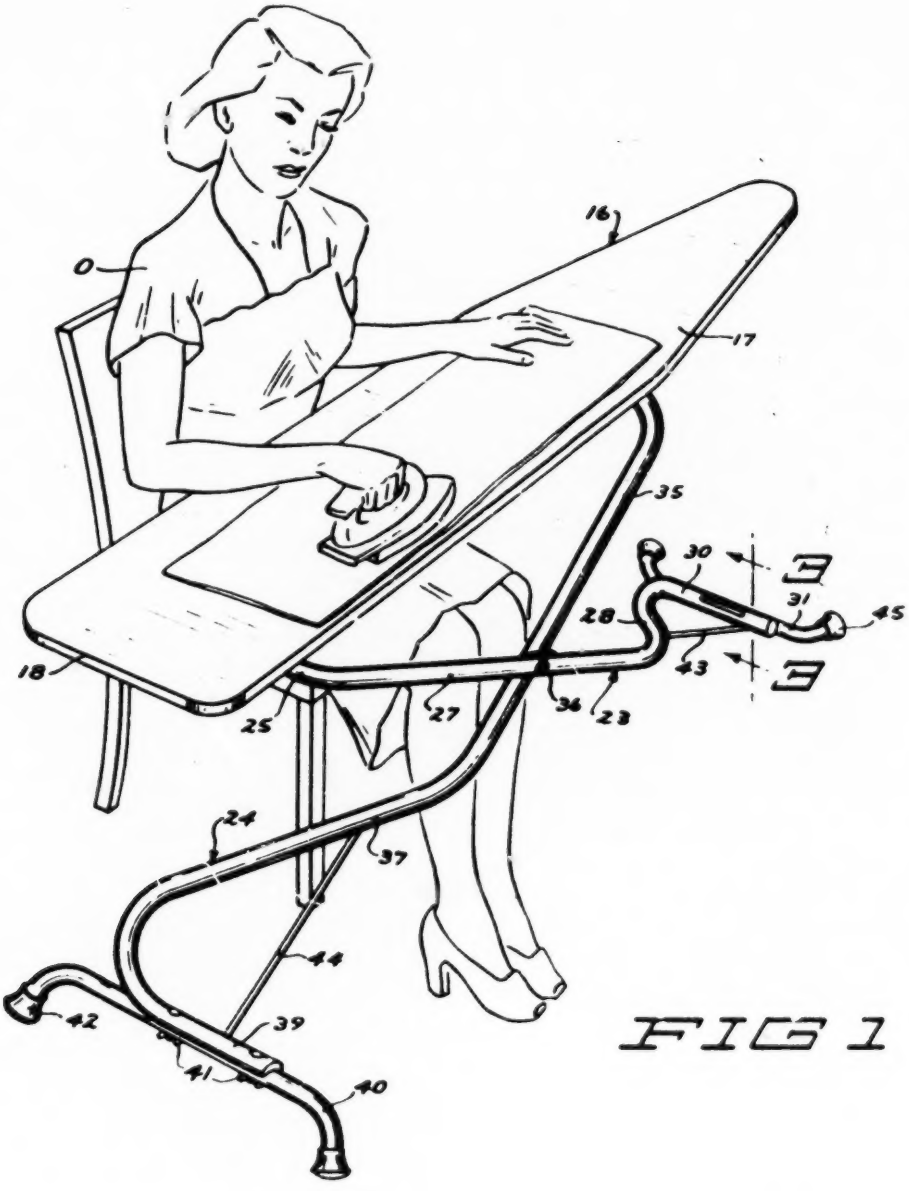

FIG 1

INVENTOR.
KEMUEL B. OLANDER
BY
Carlson & Hazle
ATTORNEYS

Dec. 22, 1953 K. B. OLANDER 2,663,102

IRONING TABLE

Filed June 9, 1950 4 Sheets-Sheet 1

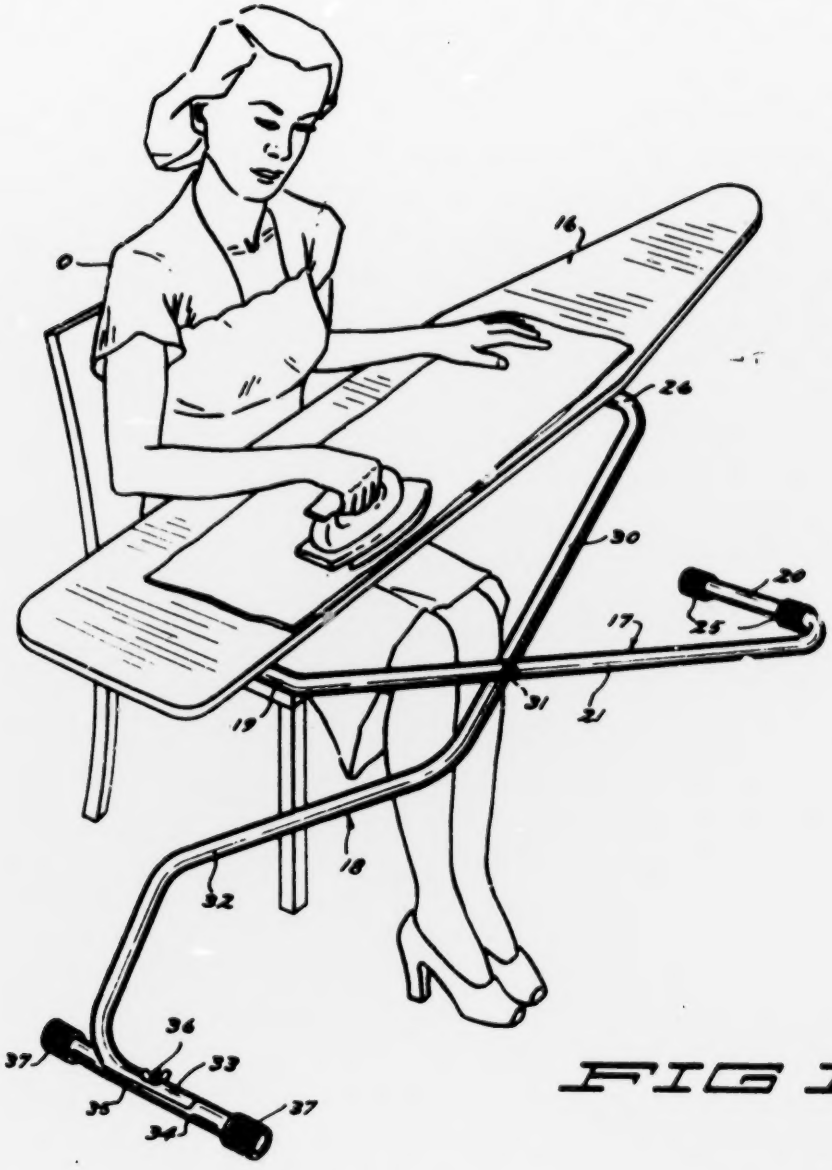

FIG 1

Inventor
KENUEL B. OLANDER

By Carlsen & Hoyle
Attorneys

did not at any time direct or control the defense of the litigation against G. P. & F., or aid G. P. & F. therein or participate in that litigation in any way whatsoever. G. P. & F. and petitioner are wholly separate and unrelated companies.

4.

On November 3, 1958, respondents filed their complaint in the case at bar in the United States District Court for the Southern District of Indiana, Indianapolis Division. This was five months after petitioner's sale of its ironing board business to Arvin Industries, Inc. No suit for infringement has been brought by respondent against Arvin.

5.

Respondent's patent does not cover tools, apparatus, processes or raw materials for making ironing tables. The drawings petitioner obtained from its vendor disclosed nothing more than the drawings of the Olander patent itself, which are full and complete.

Petitioner did not sell ironing tables under any name other than its own.

Petitioner in its answer averred that the patent was invalid as not meeting the requirements of 35 U.S.C. 103 and as constituting double patenting of the invention of Olander Patent 2,663,101 (A-53). Thereafter petitioner gave respondents notice of certain items of prior art which were not considered in the litigation resulting in respondents' judgment against G. P. & F., and which are believed to be more pertinent than any art considered in that litigation. But because this case was decided by the courts below on motions for summary judg-

ment that prior art has not been considered by any court.

6.

Petitioner in answer to interrogatories stated that it had manufactured and sold ironing tables substantially the same as G. P. & F.'s model C-690. Respondents moved for summary judgment on the ground that their judgment against G. P. & F. was res judicata against petitioner. Petitioner moved for summary judgment that the Olander Patent 2,663,102 was invalid for double patenting. The District Court granted summary judgment for respondents and overruled petitioner's motion (A-21). The Court of Appeals for the Seventh Circuit affirmed the District Court in both respects.

7.

The courts below did not find or even suggest that petitioner had participated in the G. P. & F. litigation but bottomed their holding of res judicata solely on the ground that the facts above recited made petitioner a privy of G. P. & F. in the G. P. & F. litigation.

No evidentiary facts are in dispute, and this Court is asked to set aside no findings other than those which cannot stand as a matter of law, *The Great Atlantic and Pacific Tea Company v. Supermarket Equipment Corporation,* (1950) 340 U.S. 147.

REASONS RELIED ON FOR THE ALLOWANCE OF THE WRIT

1. The Decision Below Is a Denial of Due Process.

(a) In *Galpin v. Page,* (1873) 85 U.S. 350, 368, this Court declared:

> "It is a rule as old as the law and never more to be respected than now that no one shall be personally bound until he has had his day in court, by which is meant until he has been duly cited to appear and has been afforded an opportunity to be heard."

It follows that petitioner has been denied due process unless, as a matter of law, the purely commercial transaction between petitioner and G. P. & F., occuring after the trial of the G. P. & F. case but before it was decided, and involving as a minor item some of the infringing ironing boards, which G. P. & F. had theretofore been selling generally in the trade, made petitioner a privy to the G. P. & F. litigation.

The court below adverted to *General Chemical Co. v. Standard Wholesale Phosphate & Acid Works, Inc.,* (CA 4 1939) 101 F.2d 178, which declares that a vendee of a manufactured article is not bound by a judgment of patent validity and infrigement against its vendor for the reason that the vendee has not had his day in court. Another case which says the same thing is *Wenborne-Karpen Dryer Co. v. Dort Motor Car Co.,* (CA 6 1926) 14 F.2d 378. Nevertheless the court below concluded that privity existed between petitioner and G. P. & F. because petitioner purchased, not merely infringing articles, but the entire business of its vendor that

was devoted to the production of ironing tables. In support of that conclusion it quoted a portion of the decision in *G. & C. Merriam Co. v. Saalfield,* (CA 6 1911) 190 Fed. 927, to the effect that one who acquires rights involved in pending litigation must be bound by the final judgment, otherwise, pending suit against him, he might alienate those rights to another with the result that a final decree bearing fruit could never be reached.

That argument, however, is as applicable to the vendee of a manufactured article as it is to the vendee of the entire business of manufacturing the article, and as far as this case is concerned comes down to the bald assertion that the right of a litigant to his day in court is subordinate to the desirability of finality in judgment. If that assertion is the law, there is no need to find any privity between successive defendants of suits on the same patent in order to apply res judicata, and this Court need not have decided *Smith v. Hall,* (1937) 301 U.S. 216, because it had passed on the same patent in *Smith v. Snow,* (1935) 294 U.S. 1.

If the vendee of a manufactured article from a vendor who has been adjudged to have infringed a patent on the article has not had his day in court, is there reason or authority for denying that right to the vendee of the entire business of the vendor? The reason advanced by the court below has already been dealt with. The authority on which the lower court relied is of doubtful persuasiveness. The Court of Appeals for the Sixth Circuit in the *Wenborne-Karpen* case, supra, did not mention its earlier decision in *Merriam v. Saalfield,* supra. The business purchased by Saalfield was that of palming off dictionaries as the dictionaries of Merriam's, and if on the facts of that case, Saalfield could be considered

to have had his day in court, or the denial of his day in court could be justified, those facts are not present in this case. In *Acetol Products, Inc. v. Sam Tripi, et al.*, (DC Mo 1930) 7 USPQ 161, also mentioned by the court below, the facts were that the vendee of the business had been adjudicated in a prior proceeding to have been in contempt of court for conspiring with his vendor to take over and continue the infringing operations. In both cases there was bad faith on the part of the defendant.

(b) The court below decided this case on the proposition that petitioner purchased from G. P. & F. the entire "business" devoted to the production of ironing tables. The uncontroverted allegations of petitioner were that it simply purchased certain *assets* of G. P. & F.'s Consumer Products Division, and in a summary proceeding those allegations must be considered to be true, *Postal Telegraph Cable Co. v. City of Newport*, (1918) 247 U.S. 464. The issue, therefore, reduces to this: If the vendee of articles manufactured by a vendor who has been adjudged to have infringed a patent by such manufacture has not had his day in court, does the purchase by the vendee from the vendor of other assets outside the scope of the patent change his position? This Court dealt with a related situation in *Rubber Tire & Wheel Co. v. Goodyear Tire and Rubber Co.*, (1914) 232 U.S. 413, 416, saying:

> "* * * It is at once apparent that the decree in favor of the Goodyear Company in the former suit does not work an estoppel in favor of Doherty so as to afford him a defense against the charge of infringement in making the patented structure. He was not a party to the suit in which that decree was rendered; nor, at least with respect to tires made by

> him, can he be regarded as a privy to that decree. We may lay on one side the question as to the rights of one purchasing from the respondent the completed article. Doherty did not purchase it; he made it himself, assembling its various elements for that purpose and effecting the combination. On no possible theory can it be that, if the tire thus constructed was covered by the patents, Doherty was entitled to immunity simply because he bought one element of the tire from the Goodyear Company."

By the same reasoning the buyer of unpatented tools and materials would not be estopped by a judgment against his vendor.

2. The Decision Below Extends the Scope of Res Judicata so as to Restrain Lawful Competition in the Sale of Unpatented Articles.

A consequence of the decision below is that a manufacturer against whom suit is filed for infringement of a patent for a manufactured article cannot thereafter dispose of the unpatented tools and materials relating to the manufacture of that article at a competitive price. This disability extends throughout the remaining life of the patent in suit, unless the suit is ultimately decided earlier in favor of the defendant. No other manufacturer, no matter what evidence he may have of the invalidity of the patent and no matter how willing he may be to test the patent, can risk purchasing from the defendant manufacturer the unpatented assets in question while that disability endures.

He can purchase a copy of the patent from the Patent Office for twenty-five cents and duplicate the articles

shown in its drawings, or he can buy one of the patented articles and duplicate it. He can make or have made for him tools and special equipment identical with those of the defendant manufacturer, or he can buy the tools and equipment from some other manufacturer of similar articles who has not been sued for patent infringement by the patent owner. He can buy raw materials for making the article from anyone in the world other than the defendant manufacturer. If he does these things, he can relitigate the patent, subject only to the rule of stare decisis, as it may apply. But under the decision below, if he buys the unpatented tools, equipment, and materials above mentioned from the defendant manufacturer, he finds himself precluded from relitigating by the doctrine of res judicata.

The defendant manufacturer, however, has one possible buyer for his assets—the owner of the patent. By filing suit against the assertedly infringing manufacturer the patent owner automatically disposes of all other potential customers for the assets in question and may, therefore, purchase them at his own price. His patent for an article of manufacture is thereby enlarged to restrain lawful competition in the sale of unpatented articles, a misuse of his patent which this Court has condemned in *Morton Salt Co. v. G. S. Suppiger Co.*, (1942) 314 U.S. 488, *Carbice Corporation of America v. American Patents Development Corporation, et al.*, (1931) 283 U.S. 27, and *Leitch Manufacturing Company, Inc. v. The Barber Company, Inc.*, (1938) 302 U.S. 458. It makes no difference that the patentee here is the purchaser and not the seller of the unpatented articles; the restraint on competition is the same.

In *Mercoid Corp. v. Mid-Continent Investment Corp.*, (1944) 320 U.S. 661, 670, this Court held that res judicata cannot be invoked to prevent a court from restraining the extension of a patent monopoly to unpatented articles. The decisions below, in the name of res judicata, bring about the extension of a patent monopoly to unpatented articles.

3. The Decision Below Authorizes Multiple Patenting of a Single Invention, and Consequently Multiple Infringement Suits and Successive Recoveries of Damages for the Same Infringing Act.

The statute, 35 U.S.C. 101, authorizes the granting to an inventor of *"a"* patent for his invention. This Court in *Miller v. Eagle Manufacturing Co.*, (1894) 151 U.S. 186, expressed the law now embodied in the statute in the following words:

> "* * * No patent can issue for an invention actually covered by a former patent, especially to the same patentee, although the terms of the claims may differ * * *."

It assigned as the reason:

> "* * * the power to create a monopoly is *exhausted* by the first patent, and for the *further* reason that a new and later patent for the same invention would operate to extend and prolong the monopoly beyond the period allowed by law." (Emphasis supplied)

Respondents' 101 and 102 patents are for essentially the same article as may be seen by reference to the insert at page 4, and the differences between claim 1 of the 101 patent and claim 1 of the 102 patent are merely differences in terms. Holders of multiple patents plainly

do not avoid the first ground of *Miller v. Eagle* — exhaustion of the monopoly by the first grant — merely by taking out the second patent on the same day.

Nor do they avoid the second ground of *Miller v. Eagle* by so doing, for while the two patents are coextensive as to time, they are wholly separate and distinct as to alienation or licensing. Since the two patents are assignable, the owner can transfer one and keep the other, or transfer them to different assignees. A member of the public who, under a mistake as to his rights, falls afoul of one patent would find himself defending suits by the several owners of all the others and would become liable for successive recoveries of damages for a single infringing act.

In *Crown Co. v. Nye Tool Works,* (1923) 261 U.S. 24, this Court condemned the carving up of the monopoly of a patent by partial assignments for the reasons above indicated. The effect upon the public is the same whether a patent monopoly is subdivided by carving out a naked right to sue an infringer or by granting two or more patents for the same invention.

4. The Decisional Law of the Courts of Appeals on Multiple Patenting Is Not Certain or Consistent, and the Decision Below Is in Conflict With Decisions of Other Courts of Appeals, With the Statute, and With Decisions of This Court.

In *Underwood v. Gerber,* (1893) 149 U.S. 224, this Court considered two patents which had been taken out by Underwood on the same day. The higher numbered patent, on which alone the suit was brought, was for paper coated with a coloring composition. The lower numbered patent was for the same coloring composition alone. This Court affirmed the judgment of the court below that the higher numbered patent was invalid because it claimed nothing that was inventive over the lower numbered patent.

The rule of *Underwood v. Gerber* was followed in the Court of Appeals for the Second Circuit in *Willcox and Gibbs Sewing Machine Co. v. Merrow,* (CA 2 1898) 93 Fed. 206, and is still the law there. The same rule is followed in the Court of Customs and Patent Appeals, *In re Byck,* (CCPA 1931) 48 F.2d 665, and *In re Siu,* (CCPA 1955) 222 F.2d 267.

The lower court based its decision on its earlier holding in *Deister Concentrator Co. v. Deister Mach. Co.,* (CA 7 1920) 263 Fed. 706. There it had before it two patents which had issued to the same patentee on the same day and both of which were asserted against the defendant. The lower court did not consider the absence of inventive differences between the claims of the patents, but found them valid, saying (p. 711):

> "What are separate claims but descriptions of separate inventions?"

That proposition begs the question not only with respect to multiple patents issued on the same day but also as to patents issued on different days. The decision does not mention *Underwood v. Gerber.*

The lower court relied on the *Deister* case although respondents brought suit only on the higher numbered patent. It distinguished *Underwood v. Gerber* by saying that that case was not one of double patenting because the second patent did not claim the composition of matter which was claimed in the first patent. The court overlooked the rule of *Miller v. Eagle,* supra, as well as the provisions of 35 U.S.C. 101.

The conflict between the decision below and those of this Court, other courts of appeals, and the clear words of the statute should be resolved.

CONCLUSION

The petition present questions whose determination will resolve conflicts and uncertainties which have arisen in the lower federal courts and will have immediate importance far beyond the particular facts and parties involved. The petition should be granted.

Respectfully submitted,

H. PARKER SHARP
G. R. HARRIS
Attorneys for Petitioner

APPENDIX

IN THE
UNITED STATES COURT OF APPEALS
FOR THE SEVENTH CIRCUIT

September Term, 1960—January Session, 1961

THE J. R. CLARK COMPANY and JOHN R. CLARK, Plaintiffs-Appellees v. JONES & LAUGHLIN STEEL CORPORATION, Defendant-Appellant	No. 13113 Appeal from the United States District Court for the Southern District of Indiana, Indianapolis Division.

April 3, 1961

Opinion.

Before HASTINGS, *Chief Judge,* DUFFY, *Circuit Judge* and MERCER, *District Judge.*

DUFFY, *Circuit Judge.* This is a suit for the alleged infringement of Olander Patent No. 2,663,102, issued December 22, 1953. The validity of Claim 1 of this patent was upheld and the claim found to be infringed in *J. R. Clark Company v. Geuder, Paeschke & Frey Co.,* (E.D. Wis.) 159 F.Supp. 948. This case in the Wisconsin District Court and the appeal therefrom will sometimes be herein referred to as the "Wisconsin litigation." This Court affirmed, 259 F.2d 737, and certiorari was denied, 359 U.S. 914. After receiving our mandate, the District Court referred the cause to a master for a determination of damages.

Appendix.

While the litigation above described was in process, defendant Jones & Laughlin Steel Corporation (Jones & Laughlin), with full knowledge of that litigation, and prior to an adjudication therein, purchased from Geuder, Paeschke & Frey Co. (GP&F), the assets of that firm's Consumer Products Division which manufactured and sold ironing tables. These assets included a stock of 172 Model C-690 ironing tables; also tools and equipment for manufacturing such tables, and drawings of the Model C-690 table. Also included were raw materials. It is admitted by defendant that the Model C-690 ironing table manufactured by it was substantially identical with the Model C-690 ironing table sold by GP&F which was the accused device in the Wisconsin litigation.

In the instant case, plaintiffs moved for summary judgment, asserting defendant, Jones & Laughlin, was in privity with GP&F, and hence was bound by the judgment in the Wisconsin litigation. Defendant likewise moved for summary judgment, claiming Olander Patent No. 2,663,102 is invalid for double patenting of Olander Patent No. 2,663,101. The District Court held the fact situation in the case at bar clearly established privity between Jones & Laughlin and GP&F, and that Jones & Laughlin was bound by the judgment in the Wisconsin litigation under the doctrine of *res judicata*.[1] The Court granted plaintiffs' motion for summary judgment and denied defendant's motion.

Defendant's principal argument is that under the facts of this case, it is in no different position than any vendee, with notice, of manufactured articles which are

---

1. The District Court's Opinion is reported in 186 F. Supp. 22.

found to infringe a patent in a suit brought by the patent owner against the vendor-manufacturer. Defendant cites *General Chemical Co. v. Standard Wholesale Phosphate & Acid Works, Inc.*, 4 Cir., 101 F.2d 178. Defendant claims that the cited case well expresses the rule that a vendee of a manufactured article is not bound by a judgment of patent validity or infringement against its vendor, but nevertheless, can take advantage of a judgment of non-validity or non-infringement in favor of the vendor.

The case at bar is not one where a vendee merely purchased one or some limited amount of the alleged infringing product. Here, the defendant purchased from the manufacturer the entire business that was devoted to the production of ironing tables. A large number of these tables were Model C-690 which were held to infringe the Olander Patent.

The District Court relied on several cases including *G. & C. Merriam Co. v. Saalfield*, 6 Cir., 190 Fed. 927. In that case, the Court of Appeals said at page 932: "The case was already pending, and the whole controversy had been submitted for the judgment of the court. Though not a party, Saalfield was bound by the final decree of the court. If a third party may thus come into the acquisition of rights involved in pending litigation without being bound by the final judgment, and require a suit de novo in order to bind him, he might, pending that suit, alienate that right to another with the same result, and a final decree bearing fruit could never be reached." The prediction of the Court in the *Merriam* case as to what might happen quite accurately portrays what did happen in the case at bar, because Jones & Laughlin, after the adjudication in the Wisconsin litigation, but

while the case was still pending in the courts, sold the ironing table business to Arvin Industries, Inc.

Defendant argues that the fact the entire business was sold is not ground for a distinction from the general rule, and relies upon this Court's opinion in *Bank v. Rauland Corporation,* 7 Cir., 146 F.2d 19, We think the trial judge was correct in distinguishing the *Bank* case although some language is used in that opinion which might give support to the contention of defendant in the instant case. Apparently the Court there was impressed by the combination of the consent judgment and the fact that the license agreement showed that the parties felt the questions of validity and infringement were still open.

We hold that the District Court was correct in granting the motion for summary judgment on the ground that Jones & Laughlin, who had sold some 20,000 tables substantially identical with the infringing device was, in fact and in law, in privity with GP&F, and should be bound by the judgment rendered in the Wisconsin litigation. See *Acetol Products, Inc. v. Tripi,* (W.D.Mo.) 7 U.S.P.Q. 161.

We next consider the issue of double patenting. Defendant's motion for summary judgment was based on the claim that Olander Patent No. 2,663,102 (102) is invalid because it is double patenting of Olander Patent No. 2,663,101 (101). Both patents were issued on the same day.

It is clear that 102 patent is the more basic patent and 101 is an improvement patent. The specifications in 101 call attention to the fact that the invention therein embodies improvements in the ironing table described in

the co-pending application that resulted in the 102 patent.

Pertinent also is the practice of the Patent Office in classifying patents into classes and subclasses. The 101 patent was classified in Class 38, Subclass 114; the 102 patent was classified in Class 38, Subclass 123. This indicates the Patent Office considered the patents did not cover the same invention. The District Court found that the two patents were not for the same invention because each was for a specific different combination of elements and each contained limitations not found in the other. We agree.

Defendant's motion for summary judgment is based upon the claim that plaintiffs are guilty of double patenting. The rule against double patenting is based upon the idea that the power to create a monopoly is exhausted by the first patent, and that a new and later patent for the same invention would operate to extend or prolong the monopoly beyond the period allowed by law. 69 C.J.S. Patents § 38. However, where two patents are issued on the same day, neither extends the life span of the other.

Over forty years ago this Court considered the question of double patenting in *Deister Concentrator Co. v. Deister Mach. Co.*, 7 Cir., 263 Fed. 706. The defendant there contended that a claim in the lower-numbered patent was narrower than a similar claim in the higher-numbered patent; that the specifications for the first patent were sufficient to support both claims, and, therefore, the higher-numbered patent was invalid. This Court disagreed, and said: (pp. 710-11)

> 'But there has been no double patenting in the present case. The two applications were copending.

Grant for the purpose of the argument that the specifications in the first application were sufficient to support the claims included in both patents, and that claim 1, patent No. 1,040,165, is the broader or more generic claim; yet it by no means follows that the broader claim is void. The two patents were issued on the same day. It would be erroneous to assume that the issuance of one preceded the issuance of the other, when the two applications were copending—one referred to the other and both had a common applicant. The number which the patent bears under these circumstances can have no significance whatsoever.

". . . We are not prepared to say the claims in the second patent were not joinable with the claims of the first patent; but we are convinced that no damage to the public resulted from their separate presentation, in view of their simultaneous issuance. No fraud was practiced or intended by the applicant, as is shown by the fact that reference to the first pending application appears in the second."

The *Deister* case has been cited with approval in *Theroz Co. v. United States Industrial Chemical Co.* (D. Md.) 14 F.2d 629, aff'd. 4 Cir., 36 F.2d 387. Another case directly in point and with a similar holding is *W. A. Sheafer Pen Co. v. Eagle Pencil Co.,* (S.D.N.Y.) 55 F.2d 420.

Defendant urges *Underwood v. Gerber,* 149 U.S. 224 should control this case rather than *Deister.* We disagree. The *Underwood* case did not concern double patenting. No claim was made in that case that the two patents under consideration were for the same inven-

tion. In fact, the Court expressly stated that the second patent did not claim the composition of matter which was claimed in the first patent.

The judgment granting plaintiffs' motion for summary judgment and denying defendant's motion for summary judgment is

AFFIRMED.

A true Copy:
Teste:

.....
Clerk of the United States Court of Appeals for the Seventh Circuit.

SUPREME COURT, U. S.
JUL 24 1961
JAMES R. BROWNING, Clerk

In the Supreme Court of the United States

OCTOBER TERM 1960

No. 199

JONES & LAUGHLIN STEEL CORPORATION
Petitioner

vs.

THE J. R. CLARK COMPANY, AND JOHN R. CLARK
Respondents

RESPONDENTS' BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

ANDREW E. CARLSEN
417 Plymouth Building
Minneapolis 3, Minnesota
Attorney for Respondents

Hayward-Court Brief Ptg. Co., Mpls. 15, Minn.

INDEX

PAGE

Foreword 1

Respondents' statement of the case 3

Arguments 4

I. Petitioner was in privity with G. P. &. F. in the Wisconsin litigation and is accordingly bound by the judgment in that suit 4

II. The double patenting question here presented is moot 7

III. There can be no double patenting as between patents taken out on the same day 7

Conclusion 9

Notice of service 10

AUTHORITIES CITED

Cases:

Deister Concentrator Co. v. Deister Machine Co. (C. A. 7), 263 Fed. 706 8

G. & C. Merriam Co. v. Saalfield (C. C. A. 6) 190 Fed. 927, 930 5

Miller v. Eagle Manufacturing Co., 151 U. S. 186 ..2, 8

Underwood v. Gerber, 149 U. S. 224 8

In the
Supreme Court of the United States
OCTOBER TERM 1960

No. 199

JONES & LAUGHLIN STEEL CORPORATION
Petitioner

VS.

THE J. R. CLARK COMPANY, AND JOHN R. CLARK
Respondents

RESPONDENTS' BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

FOREWORD

Respondents take no issue with respect to petitioner's statements concerning reporting of the OPINIONS BELOW or with respect to the JURISDICTION of this Court.

The QUESTIONS PRESENTED, however, as stated by petitioner, are believed to be somewhat inaccurate as not reflecting the materially admitted facts and as not truly presenting the questions involved as submitted to and decided by the courts below. The stated Question 1, which concerns the res judicata aspect of the case, omits certain critical factors and includes certain irrelevant factors. Using the petitioner's same general sentence structure, this question is more accurately and simply stated as follows:

> Is a judgment of patent validity and infringement against manufacturer A binding upon manufacturer B when B purchased from A, during the pendency of the litigation resulting in the judgment and with the knowledge that it was pending, the entire infringing business of A and then continued thereafter to make and sell the infringing products?

The purchase by B (petitioner here) of the infringing business itself and B's continuance of the infringement started by A are not mentioned by petitioner in its question as posed, and these are believed to be important factors here. On the other hand, B's acquisition of unpatented tools, drawings, raw materials, etc., are believed unimportant except as evidence that the entire infringing business was acquired, a fact admitted by petitioner.

The second question presented by the petitioner is believed to be completely moot, as both courts below have unequivocally held that the two Olander patents were for different inventions. The Court of Appeals in its opinion (App. 21) states:

> "The District Court found that the two patents were not for the same invention because each was for a specific different combination of elements and each contained limitations not found in the other. We agree."

The question posed by the petitioner presupposes a contrary determination below. Inasmuch as this supposed fact, a critical one in the cited *Miller v. Eagle Manufacturing Co.*, 151 U. S. 186, does not exist, it is difficult to see how petitioner's stated question would have any bearing on this case regardless of how it is answered.

RESPONDENTS' STATEMENT OF THE CASE

There are two completely independent and distinct issues involved in this case. Determination of each is dependent upon a set of facts which is unrelated to that of the other.

The question of res judicata is dependent upon relationship between the petitioner and the adjudged infringer of the Olander patent here in suit, namely, Geuder, Paeschke & Frey (G. P. & F.). The material facts concerning this relationship are clear and undisputed and are lucidly set forth at the beginning of Judge Duffy's opinion on behalf of the Circuit Court of Appeals below.

Briefly stated, the petitioner purchased the entire infringing ironing table business of G. P. & F. during pendency of infringement litigation in Wisconsin between respondents and G. P. & F. Petitioner, with full knowledge of the Wisconsin suit, purchased from G. P. & F. the entire stock of ironing tables later held to infringe and continued to manufacture and sell "substantially identical" tables despite the judgment of infringement against G. P. & F.

Respondents' motion for summary judgment against petitioner was granted below on the ground that with this set of facts the petitioner was in privity with G. P. & F. in the Wisconsin litigation and is bound by the decision therein under the doctrine of res judicata.

Petitioner's allusions in its STATEMENT OF THE CASE to the other unpatented assets purchased from G. P. & F. and to its subsequent sale of the assets to Arvin Industries, Inc., are not contradicted, but neither are they in any way relevant to the question here before the Court.

As far as the alleged issue of double patenting is concerned United States patents No. 2,663,101 and No. 2,-

663,102, both issued the same day as a result of applications filed by the same inventor. The District Court and the Court of Appeals below held that there could be no double patenting as between these two patents for two reasons. First, the patents were for different inventions and, secondly, there can be no double patenting as between patents issuing on the same day.

The 102 patent here in suit is the more basic and was filed approximately two years prior to the application resulting in the 101 patent which concerns improvements. The patents were classified in different subclasses by the United States Patent Office, with the 102 patent being placed in the higher numbered subclass and thus given the higher patent number, a practice conventionally carried out by the Patent Office for all patents issuing on any one day.

ARGUMENTS

I.

Petitioner was in privity with G. P. & F. in the Wisconsin litigation and is accordingly bound by the judgment in that suit.

There is no dispute between the parties as to the facts involved here. The record clearly supports the fact (deemed "somewhat surprising" by Judge Steckler in the District Court) that petitioner with full knowledge of the Wisconsin suit, which had been tried earlier in the same year, purchased the assets of G. P. & F.'s Consumer Products Division which manufactured the ironing tables charged to infringe the Olander 102 patent. These assets include a stock of tables as well as tools, drawings, and raw materials for making the same. Petitioner then con-

tinued to manufacture and sell the tables just as G. P. & F. had done. Subsequently the tables of the type which went with the sale of the business were held to infringe.

Thus the petitioner was actually a successor to the infringing business. It entered this relationship admittedly and fully aware of the pending infringement suit, stepping directly into the shoes of G. P. & F. to gain the benefit of or to be bound by, any decision to be rendered by the Wisconsin Court in that suit. A stronger case of privity is difficult to envisage.

The logic and justice in holding the purchaser in such a situation bound by the results of the litigation can be no more clearly stated than it was in *G. & C. Merriam Co. v. Saalfield* (C. C. A. 6) 190 Fed. 927, 930, and quoted by the Court of Appeals below:

> "If a third party may thus come into the acquisition of rights involved in pending litigation without being bound by the final judgment, and require a suit de novo in order to bind him, he might, pending that suit, alienate that right to another with the same result and a final decree bearing fruit could never be reached."

Petitioner in its brief proposes a rather amazing theory, which is certainly new to this litigation, arguing that the decision of the courts below has the effect of restraining the sale of unpatented articles. The decision obviously has no such import. It merely holds that if during the pendency of a patent infringement suit, a third party purchases from the defendant and continues to carry on the business of manufacturing and selling the alleged infringing product with full knowledge of the suit, then that third party is a privy to the ultimate judgment.

Certainly the defendant can sell its unpatentable tools and materials to another. There is no disability extend-

ing for the life of the patent as indicated by petitioner. The petitioner here did not become a privy to the Wisconsin judgment by merely buying unpatented tools and materials from G. P. & F. There were many other more important factors which led to its acquiring such a status. The litigation was pending at the time of the purchase and no decision had been rendered. Petitioner knew this. It purchased the entire business of manufacturing and selling the infringing articles including an inventory thereof. Then it continued to operate the business, all while the suit was still pending. In substance, even though the trial had been held, the petitioner voluntarily and knowingly substituted itself for its vendor-litigant to gain the fruits of a favorable decision or to be bound by an unfavorable one.

If it can be said that the petitioner itself did not have a day in court, it waived that right by voluntarily stepping into the shoes of its vendor which did have its day in court throughout a full and complete trial and by doing this while the result of the litigation was in doubt. Certainly the "desirability of finality of judgment", referred to by petitioner, should dominate a possible situation where a business can be transferred from one to another ad infinitum, requiring a never ending parade of lawsuits by a patentee against the same infringing article.

Thus, the decision below is not directed to a mere succession of ownership of unpatented articles as suggested by petitioner. Rather it is based on a full and complete successorship to and the continuance of a business charged to infringe the patent rights of another. Clearly, then, the decision cannot conceivably be interpreted as in any way restraining the sale of unpatented articles.

II.

The double patenting question here presented is moot.

The lower courts in this case have both held that there is no double patenting as between the two Olander patents for two reasons. First, the patents have been held to be for two different inventions and, second, it has been held that there can be no double patenting as between patents issuing on the same day. Here the petitioner presents only the second question for review.

Petitioner's bold assertion in its brief (p. 12) that respondents' 101 and 102 patents are for essentially the same article is completely unsupported in the record. Claim 1 of the 101 patent and claim 1 of the 102 patent are clearly distinct. Each affords its owner a separate area of coverage. Each can be infringed without infringing the other. They are mutually exclusive and the lower courts both so found.

Thus, the question submitted is completely moot as far as this proceeding is concerned in view of the factual determination below that the patents are for different inventions.

III.

There can be no double patenting as between patents taken out on the same day.

What is the doctrine of double patenting which has been asserted by the petitioner in this litigation? Simply stated, the doctrine lays down the rule that one cannot obtain a valid patent claim covering subject matter which could have rightfully been claimed in an earlier patent of the patentee.

The reason for the rule is obvious. The patent grant affords coverage for a limited period of time. Thus, if a

new and later patent is issued to the same patentee for the same invention, it would operate to prolong the monopoly beyond the period allowed by law.

The key to invalidity on this ground is prolongation or extension of the patent grant. Where the patents concerned are issued on the same day, there can be no such extension as both expire at the same time and the reason for the rule is thus lacking.

Here Olander patents No. 2,663,101 and No. 2,663,102 both issued on December 22, 1953, and neither operates to extend or prolong the patent granted on the invention disclosed in the other.

The case of *Miller v. Eagle Manufacturing Co., supra*, relied on by petitioner, does not support the petitioner's position. Rather it fully supports that of the respondents by its reasoning to the effect that a patent cannot issue for an invention covered by a *former* patent because the later patent "would operate to extend and prolong the monopoly beyond the period allowed by law." Where the patents are concurrently granted there can be no such extension.

Petitioner has also cited *Underwood v. Gerber*, 149 U. S. 224, as authority for its position on this point. However, this case does not even concern double patenting and the patent there held invalid was held so because:

> "There was no patentable novelty or invention, in view of the earlier patents and publications put in evidence, in applying an existing coloring substance to paper."

Likewise the other authorities cited by petitioner are not concerned with double patenting.

The Court of Appeals below quoting liberally from the opinion reaffirmed the position it took in *Deister Concentrator Co. v. Deister Machine Co.* (C. A. 7), 263 Fed.

706, on this very question. In the *Deister* case after indicating that the claims of the two patents may have been joinable, the Court states—

> "but we are convinced that *no damage to the public resulted from their separate presentation in view of their simultaneous issuance.*"

The soundness of this reasoning is obvious. Petitioner here has failed to show any possible damage to the public in this an identical situation.

CONCLUSION

The petitioner has presented two questions to this Court. The first fails to fully state the critical and undisputed facts upon which the courts below based their decisions—decisions which recognize that the petitioner of its own volition fully assumed the position of another party in litigation on the same question and thus, under the doctrine of res judicata, should be bound just as such other party to the results of that litigation.

The second question presented is merely academic as it is based on a supposition which is contrary to the specific findings of the courts below. And even if these findings were to be ignored or reversed, the assertion of invalidity on the ground of double patenting must fail as the basis therefor is missing where the patents concerned are issued concurrently.

Under these circumstances the petition should be denied.

Respectfully submitted,

ANDREW E. CARLSEN
417 Plymouth Building
Minneapolis 3, Minnesota
Attorney for Respondents

NOTICE OF SERVICE

This is to certify that four copies of this brief have been served on G. R. Harris, counsel for petitioner, by mailing the same to him at his last known address, this — day of July, 1961.

ANDREW E. CARLSEN

LIBRARY
SUPREME COURT, U. S.
JUL 28 1961
JAMES R. BROWNING, Clerk

IN THE

Supreme Court of the United States

OCTOBER TERM, 1961

NO. 199

JONES & LAUGHLIN STEEL CORPORATION,
Petitioner,

v.

THE J. R. CLARK COMPANY and JOHN R. CLARK,
Respondents.

REPLY BRIEF FOR PETITIONER

H. PARKER SHARP
G. R. HARRIS
3 Gateway Center
Pittsburgh 30, Pa.
Attorneys for Petitioner

July 28, 1961

SMITH BROS. LTD. INC. LAW PRINTERS 414-416 BLVD. OF ALLIES PITTSBURGH 19, PA.

IN THE

Supreme Court of the United States

OCTOBER TERM, 1961

NO. 199

JONES & LAUGHLIN STEEL CORPORATION,
Petitioner,

v.

THE J. R. CLARK COMPANY and JOHN R. CLARK,
Respondents.

REPLY BRIEF FOR PETITIONER

I. Respondents' Brief in opposition in no way impairs the fact that the decision below is a denial of due process.

a. Respondents argue that petitioner was afforded due process because petitioner could have taken advantage of a judgment in favor of G. P. & F. in the litigation between respondents and that party. This is cart-before-the-horse reasoning and ignores *Rubber Tire & Wheel Co. v. Goodyear.*

b. Petitioner did not "step into the shoes of its vendor". As the opinion of the court below states, respondents and G. P. & F. are engaged in an accounting to determine the damages recoverable by respondents from G. P. & F. Petitioner is not a party to that proceeding and assumed none of G. P. & F.'s liabilities. G. P. & F. remained a going concern after it sold petitioner certain of its assets, and is now a going concern, standing in its own shoes.

II. The public interest is better served by restricting rather than expanding the scope of res adjudicata.

Respondents stress the "never-ending parade of law suits" which they say would be the result of a reversal of the finding below of privity between petitioner and G. P. & F., but seek to explain away the never-ending restraint on competition which is a necessary consequence of that finding. While it is desirable to minimize litigation, it is also desirable that no monopoly not fully justified by law be asserted against the public. Petitioner's defenses in this action are not those asserted by G. P. & F. against respondents in their litigation. Petitioner is not seeking here to retrace ground which has been once travelled but to bring before a court new evidence of the invalidity of respondents' patent. If the decision below is allowed to stand it will not only enlarge the scope of respondents' patent to restrain competition in the sale of unpatent articles but will also substantially reduce the likelihood that respondents' patent will be fully tested by the standards of 35 U.S.C. 101 and 103.

III. The question of double patenting is not moot.

The question of double patenting is not moot because the courts below held that respondents' patents are for different inventions. That finding stands on no better footing than the findings of the lower courts in *Great Atlantic & Pacific Tea Co. v. Super Market,* that the patent there at issue was for inventive subject matter. This Court there declared that the courts below had applied the wrong standard of invention and that their findings could not stand as a matter of law. In the case

at bar the courts below applied the wrong standard of double patenting.

Respectfully submitted,

H. PARKER SHARP
G. R. HARRIS
Attorneys for Petitioner